DOCUMENT RESUME

ED 162 696 JC 780 616

AUTHOR Sharron, W. Harvey, Jr.
TITLE The Development and Organization of the Community College Foundation. Resource Paper No. 18.
INSTITUTION National Council for Resource Development, Washington, D.C.
PUB DATE Dec 78
NOTE 11p.

EDRS PRICE MF-$0.83 HC-$1.67 Plus Postage.
DESCRIPTORS *Administrative Organization; Community Colleges; Community Support; *Foundation Programs; Fund Raising; Governing Boards; Guidelines; *Junior Colleges; *Private Financial Support; *Program Development; Publicize; Public Relations

ABSTRACT

Concurrent with the problem of declining resources from traditional sources, the results of the rapid expansion and construction of community colleges during the 1960's and 1970's encouraged the development of alternatives in funding. By 1978, 52% of the community colleges in the United States had established the foundation as a vehicle for encouraging and receiving public funds and for improving public relations. In establishing a college foundation, the college board of trustees must authorize the use of the institution's name. The foundation itself begins with a president, vice-president, secretary, treasurer, and executive committee. Its development and organization period usually takes at least nine to twelve months and can be divided into four phases: (1) the organizational and administrative period which consists of developing the Articles of Incorporation and By-laws, filing for Internal Revenue Service tax exemption status, securing approval by the state government, selecting the core group of the board of directors, and developing a brochure for public distribution; (2) the educational awareness period during which members of the board of directors are introduced to various aspects of the institution and other members of the board are recommended; (3) the community relations period; and (4) the planning and implementation period. (The report concludes with a list of operational "do's" and "don'ts" based upon the experience of successful foundations.) (AYC)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED162696

RESOURCE PAPER NO. 18

THE DEVELOPMENT AND ORGANIZATION OF THE COMMUNITY COLLEGE FOUNDATION

By

W. Harvey Sharron, Jr.
Dean for Development
Santa Fe Community College
Gainesville, Florida

December, 1978

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

National Council for Resource Development

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC) AND USERS OF THE ERIC SYSTEM."

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

JC 780 616

National Council for Resource Development 1875 Connecticut Ave., N.W. Suite 1013, Washington, D.C. 20009
An Affiliate Council of The American Association of Community and Junior Colleges

W. Harvey Sharron, Jr. is currently Dean for Development at Santa Fe Community College, where a model community college foundation program has been developed. He has served as President of the National Council for Resource Development (1976) and is currently a member of the Board of Directors. In addition, he has served as a consultant to more than one hundred and ten community colleges, universities, state and national associations, in both federal and private development capacities. He has assisted thirty-eight (38) community colleges in development and organization of college foundations in thirty states.

THE DEVELOPMENT AND ORGANIZATION OF THE COMMUNITY COLLEGE FOUNDATION

Any discussion of the development and organization of the public community college foundation demands an understanding of the economic and political milieu affecting the federal, state, and local tax support of public community colleges during the late 1960's and early 1970's. In 1970, the Nixon Administration and the Congress rapidly accelerated the federal dollars flowing into higher education. In 1972, a major shift in the funding of post-secondary education occurred with the passage and later implementation of a student post-secondary educational opportunity entitlement program called the Basic Educational Opportunity Grants. This new approach to distributing federal student financial aid marked a major shift in emphasis from campus or institutional based student aid programs to the individual education consumer, the student. In 1973-74, a major world-wide economic recession occurred concomitant with a sharp increase in the inflation index which averaged about seven per cent. Nationally, state and local tax bases were severely strained to maintain the necessary resources to continue existing educational programs at all levels. Higher education suffered disproportionately in the following five years and struggled to maintain post-secondary education as a viable alternative to increasing the individual's and society's well being. Education managers struggled to maintain quality in programs and to preserve the necessary remedial educational programs especially in the community/junior colleges. Therefore, it can be reasoned that declining resources from traditional sources became a major problem.

Concurrent with this problem, the results of the rapid expansion and construction of community/junior colleges and technical institutes during the late 1960's and early 1970's encouraged the need to develop alternative and additional resources to meet the challenges of the increasing educational consumer demands, expansion of community college facilities, and declining economic support. For example, in 1977 there were 1,235 public and private community colleges operating within the United States; of these, 1,037 were publicly supported institutions and 198 were classified as independent or private two-year institutions. The increased number of this locally based post-secondary educational institution demanded a new approach for additional funding. This approach was new to most public two-year institutions in the early 1970's. The not-for-profit community college foundation came into its own in the mid-1970's as a result of a necessity to assist two-year institutions in meeting their goals and attaining their stated mission.

In a study conducted by the author in mid-1978, of the 1,037 public community colleges in the United States, there were 546 public community college foundations either active or inactive in forty-eight of the fifty states (Alaska and Hawaii were not included in the survey). Thus, approximately fifty-two (52) per cent of the public community colleges in the United States had established the foundation as a vehicle for encouraging and receiving private funds.

Historically, the foundation concept has been found throughout world history. The ancient Greeks endowed libraries and Plato bequeathed funds to support his academy after his death. In the early centuries A.D., Rome had private associations for the relief of the poor, educational institutions, hospitals, and

old peoples' homes. The Catholic church became the main vehicle for charity during the Middle Ages, with guilds and companies replacing the church as the main dispenser of many of the charitable gifts in the 17th century.

In the United States, Yale University had the first fund established in the development of philanthropic giving to higher education when it established an alumni fund in 1890. The first program of annual giving in the community college area has been reported to be Midway Junior College of Kentucky in 1906. It is important to note that the emphasis on the present form of foundations, particularly community college foundations, came about with the establishment of the first general income tax bill in 1894 and other general income tax legislation in 1917. The Carnegie Foundation (1911) and the Rockefeller Foundation (1913) were established as a result of this legislation and the amassed wealth available at the time. Education and charities were given this vehicle to avoid taxes and enable their donors to do the same. The first foundation of higher education was established in 1893 at the University of Kansas. Not-for-profit foundations of all kinds in the United States had increased from approximately fifty foundations at the turn of the century to some 26,000 major foundations in 1972.

The community college foundation does not enjoy such a long history. Basically, most of the community college foundations have been established within five years of the founding of the college. Therefore, most community college foundations were established in the late sixties and/or early seventies. During this period of time, it was characteristic of these college foundations to be mostly restrictive and dormant. Only recently (1973-78) have these foundations become more active.

The purpose of this article is to present a general discussion and recommendations concerning the development and organization of the community college foundation. In addition, it is important to provide an understanding for professional education and lay leaders of a description of a not-for-profit college related foundation.

The primary purpose of establishing a community college foundation is to provide an alternative vehicle for contributions of funds to support activities and programs at the institution that are not adequately being funded through traditional resources. A secondary purpose of establishing the foundation is public relations. The community college foundation, like its university counterpart, is formed and organized at what is commonly referred to as "an arm's length relationship" with the institution. It is separately incorporated as a not-for-profit foundation under the IRS Code 501-c(3), has its own board of directors, by-laws, and operates under the approval and control of the district board of trustees and/or the college legal mandated authority. It is important to note that a community college foundation utilizing the name and mission of a said community college cannot exist without the sanction of the legal authority vested in that community college district or its trustees.

The public relations aspects of the community college foundation provide additional citizen input to professional college personnel and the district board of trustees. In addition, the individual members of the foundation board of directors lend their personal prestige to college operations and activities. As a fund-raising vehicle, the foundation serves as a repository for money for those people who desire to participate philanthropically in their community and as a convenient tool for specific educational fund-raising activities.

People will give to a college foundation for a variety of reasons. Generally, potential donors give to support the college's educational activities, to support the community which enhances the quality of life for everyone in that community, and to support individual students. Each donor has his own objective. However, there are approximately six major reasons why persons participate either financially or personally in the community college foundation activities:

1. to provide services to others
2. to enjoy fellowship
3. to fulfill a sense of civic duty
4. to further causes or goals in which they believe
5. to increase their self-concept
6. to be a part of something as a matter of curiosity

These above reasons are basic in determining why persons will either contribute to or serve as a member of a board of directors for the community college foundation.

The college board of trustees authorizes the use of the institution's name to establish the college foundation. The articles of incorporation should be drawn by a skilled attorney and the governing board of the foundation should be known as a board of directors. It is important that the governing board not be called a board of trustees because of the de jure and psychological confusion that arises later during the developmental, organizational, and active life period of the foundation. The most effective foundations have a board of directors with not more than thirty (30) members. The president and the resource development officer should be the only institutional representatives and should hold office as long as they continue in their professional positions at the institution. Community personnel composing the board should not involve more than two persons from each business segment of the community. The composition of the board should enlist involvement of both the informal and formal power structures of the community. It is important to note that there must be a distinction between state and local charter banks, national banks, and savings and loan associations. It is not recommended to have all the community's financial institutions' chief executives on the board of directors. Likewise, attorneys, insurance professionals, and ministers should not dominate this board. It is important to be aware that this board of directors must not have inherent conflict of interests with other fund-raising activities such as religion, local United Way campaigns, Girl Scout cookie sales and drives, Cancer Crusades, and local Kiwanis-type activities. The foundation should approach fund raising in a very low-key and sophisticated manner and not in the typical $10 to $25 approach. In a foundation, the personalities of the members of the board of directors should be a noncompetitive and noncontroversial entity. Therefore, it is important to have only positive, influential people who either have money or have access to money and have great credibility in the community on the board of directors.

Organizationally, the foundation should consist of the following officers: president, vice-president (who should serve as president elect), secretary, and treasurer. An executive committee should be established in the by-laws, and the appointment of an executive director is essential. The president of the institution should serve as secretary to the board and the resource development officer should serve as the executive director. The chairman of the college board of trustees and one additional member of the board of trustees should be appointed to the board of directors to provide continuity and liaison between the foundation board of directors and the institution's board of trustees.

Initially, the board of directors should be appointed for staggered terms of one, two, and three years; then after three years, the board might decide to appoint all directors for three-year terms. It is not advisable to limit the number of terms or years a person can serve on this board since the foundation is a permissive entity which allows people to participate in support of education either financially and/or personally through service.

The executive committee of the board of directors should consist of the following six directors: the president of the foundation, who should be chairman of the executive committee, the president of the college, the immediate past-president of the foundation, and three other directors appointed by the board at its annual meeting, one of whom should be a member of the college's board of trustees. The executive director should be one of those three other directors so appointed by the board. The executive committee should meet at least every month as business dictates and for special sessions as called by the president of the foundation. Other committees of the foundation should be the finance committee, the nominating committee, the special activities committee, and the scholarships and gifts committee. It is significant to note that there should not be a separate fund raising committee. The board of directors as a whole must be actively involved in every project that necessitates the raising of money. There is overwhelming evidence that fund raising committees composed of from three to five individuals from the board of directors cannot meet the fiscal demands of the board's activities and that these individuals resign from the board because of their frustration and the demands placed upon them. The foundation board of directors is composed of volunteers who contribute generously of their time, energy, and money.

The development and organization period of a community college foundation usually takes at least nine to twelve months and should be organized into four major phases:

1. Organizational and Administrative Period
2. Educational Awareness Period
3. Community Relations Period
4. Planning and Implementation Period

Organizational and Administrative Period

Phase I, the Organizational and Administrative Period, generally takes approximately three months to be developed. The Internal Revenue Service approval as a tax-exempt organization could take up to six months. One of the major criteria which the IRS uses in evaluating the request is disassociation of political activities. In the Articles of Incorporation, the following statement has been successfully used by thirty-eight (38) community college foundations in thirty (30) different states and approved by the IRS:

> All of the assets and income of the corporation shall be used only for the purposes hereinabove set forth, including the payment of expenses incident thereto, and no part of the assets or income of the corporation shall be distributable to its members, directors or officers and no substantial part of its activities shall be for the carrying on of propoganda or otherwise attempting to influence legislation, and the corporation shall not participate in any political campaign on behalf of any candidate for public office.

Additional activities for this phase include the following:

a. development of Articles of Incorporation and By-laws
b. filing for IRS tax exemption status
c. approval by Secretary of State or the authorized official of the state government
d. selecting the core or initial group of the board of directors (ten (10) persons) for the foundation
e. developing a mass distribution brochure for public distribution.

During this period of time there should be at least two meetings of the ten members of the initial group of the foundation board of directors to ascertain a sense of the board's role and responsibilities and to elect the temporary officers.

Educational Awareness Program

Phase II, the Board of Directors Educational Awareness Program, involves presentations by the major officers of the college describing the various educational activities and programs in which the institution is involved. It is recommended that a luncheon meeting be held on the college campus at least once per month during this period of time to familiarize the board of directors with the actual physical plant and college personnel. A professional multi-media presentation should be made by the president and other college officers showing the various aspects of the educational program at the institution. During this period of time, the strengths and weaknesses of the institution are identified for this initial group of the board by the president of the institution. Also, additional members of the board of directors are recommended by the lay members of the board. Each member of the initial group of the board of directors should be requested to nominate at least one person to serve on the board. If all recommendations were to be accepted by the core group, then the total membership of the board would stand at twenty (20). An additional four or five members should be added to this group for a total of twenty-five (25) for the first year of operation. It is advisable to keep four to six board of director seats vacant for extenuating circumstances. It is also advisable to use an outside consultant to work with the board in assisting it in understanding the proper role and responsibilities of a community college foundation.

Community Relations Program

Phase III, the Community Relations Program, involves a massive public relations activity that includes the distribution of a foundation brochure, the college program brochures, the College Educational Development Program cards, and other related public relations activities which are distributed to individual board members. Each board member is requested to take approximately twenty-five to fifty packets of the brochures and mail them to his or her personal friends. That board member then prepares for the development officer a list of the addresses, telephone numbers, and occupations of the persons who received the materials. This list of community people and businesses forms the first data base for the development of a fund-raising solicitation program in the future. During this phase, it is important to schedule formal presentations by the president of the institution and the president of the college foundation with the various civic clubs in the area, arrange for an interview with the various print media, and arrange for individual interviews on radio television stations in the community. In addition, it is important to begin to schedule a Community Leaders Campus Visitation Program

consisting of invitations to twelve to fifteen outstanding and influential community leaders for an informal luncheon and walking tour of the community college campus every other week over a ten week period of time. This small group of men and women should be invited by individual board members at least two weeks in advance of the actual activity. This campus visitation program should be limited to not more than one and one-half to two hours. Again, the campus visitors' names, addresses, and occupations are listed and added to the data base for a future solicitation program.

Planning and Implementation Period

Phase IV, the Planning and Implementation Period, represents a period of time in which the board of directors through its various committees is involved in determining the priorities of activities in which the board is to be involved during the subsequent year. This includes each member of the board and the college president suggesting activities which will be used in developing a plan of activities for the second year of operation. During this period, there should be a low-key selected financial solicitations campaign usually with the local financial institutions. This request for funds in usually viewed as a start up or seed money for a limited operational period, usually one to two years.

The most effective community colleges use twelve months to develop and organize their college foundations. The first year of foundation development should be devoted to low-key personalized public relations with little emphasis on fund raising, since a college foundation is constructed upon the goodwill of the community and its volunteers. This period is devoted to selecting and educating the board of directors, developing the publications, brochures, and other tools necessary to conduct an effective campaign, and planning the activities which the foundation wants to support. Fund raising is essentially friend raising and a low-key fund raising campaign does not begin until the second year of operations.

After a careful examination of more than thirty-six (36) successful multi-campus and single-campus community college foundations, there are some generalizations that can be stated simply as "do's" and "don'ts". The most effective community college foundations would enumerate the following as "DO'S":

1. The foundation's approach and style should be low-key;

2. The board of directors should utilize personal contacts (rather than letter or telephone) with potential donors;

3. The board of directors should serve as a "committee of the whole" in all fund raising activities;

4. Each member director should be assigned to contact a minimum of ten to twelve potential donors or friends for most campaigns;

5. Most fund raising campaigns should be well planned with a minimum lead time of six months;

6. All board of directors' meetings should deal with substantive items and policy decision rather than just administrative detail which can be handled by the executive committee;

7. In approaching donors - either individuals or businesses - always ask for amounts of $1,000, $500, or $250.

8. The board of directors should always have both male and female members;

9. All foundation activities should be specific rather than general in nature; people and corporations give money to specific causes;

10. The foundation's initial activities should be realistic and goals or activities desired should be attainable especially for the first two years. (For example, a new board should attempt a major project of $50,000 or more very reluctantly as its first project);

11. The first activities of the board should be people-oriented: student scholarships, student financial aid matching monies, faculty merit awards, faculty appreciation luncheons or parties, community appreciation days, library books or special collections, cultural programs such as art festivals, performing arts series, and art galleries;

12. The college and/or foundation should utilize the services of an outside consultant who is expert in the development of community college foundations rather than university or hospital foundation personnel.

Some of the major problems that have resulted in the community college foundation's failure and inactivity can be classified as "DON'TS":

1. Political figures on the city, county, state or national level should not be appointed to the board of directors;

2. The business officer of the institution should not be appointed to the board;

3. Faculty members and/or students should not be members of the board of directors. (They may serve on advisory committees to the board especially in academic personnel, equipment, special projects, and alumni matters.);

4. No more than two lawyers should be appointed to the board;

5. Only one or two of the bank and financial institutions' presidents should be appointed to the board;

6. Do not ask the foundation to begin a $500,000 or one million dollar campaign as its first project;

7. A capital campaign is not recommended in the developing first three years of the foundation's existence;

8. Do not ask the foundation to support an athletic scholarship or activity program as its initial activity or within the first two years;

9. Do not accept all gifts immediately; cash, yes, but real property should be thoroughly investigated;

10. Do not ever place an appriased or otherwise value on any gift. (Have a qualified professional do this if necessary.);

11. The president of the institution should not have signature authority for writing checks or disbursing funds;

12. Do not ignore other universities or colleges in the area, they are not competition. If such institutions have a good history, then the potential donors and the community have been educated that it is proper, essential, and good to contribute time and money in behalf of the community college that serves them;

13. Do not invest foundation funds in the stock market but in U.S. Treasury notes, certificates of deposit, and local long-term savings accounts. Be conservative and maintain the principal and assets and spend the earnings;

14. Do not use consultants to assist in the fund raising activities on the local level.

A summary of the common pitfalls of community college foundation development would include the following: vague and unclear statement of the purpose of the foundation; inadequate planning of foundation activities; haphazard development and utilization of information materials about the institution; lack of volunteer recognition; the use of gimmicks; impatience for immediate results; a decision by the president to be responsible for the foundation unilaterally; and the use of educational personnel such as faculty and staff for foundation purposes.

A community college interested in developing and expanding its fund-raising capacity into the area of private gift solicitation and creating increased financial support for both its current operation and capital growth must develop strong support for its institutional goals by developing a greater understanding and acceptance among the institution's public and taxpayers. The kind of support that an institution must have to advance such activity cannot be achieved through sporadic campaigns or through the efforts of the president or the development officer alone. A sound, properly organized, well-rounded development program with both long-range and short-range goals and the assistance of a volunteer leadership from the community are essential.

UNIVERSITY OF CALIF.
LOS ANGELES

JAN 5 1979

CLEARINGHOUSE FOR
JUNIOR COLLEGES

© National Council for Resource Development 1978